

EC Day 2001

From Paper-based Processes, DoD Now Deeply Immersed in eBusiness

LYNN FREUDENTHAL

Electronic Commerce, or EC has changed DoD's culture and business practices in ways never imagined, according to Claudia "Scottie" Knott, Director of the Defense Electronic Business Program Office (DEBPO). Speaking at the opening of EC Day 2001, Knott's comment easily resonated with a crowd who remembered the old days of filling out a purchase request and waiting weeks, even months for delivery.

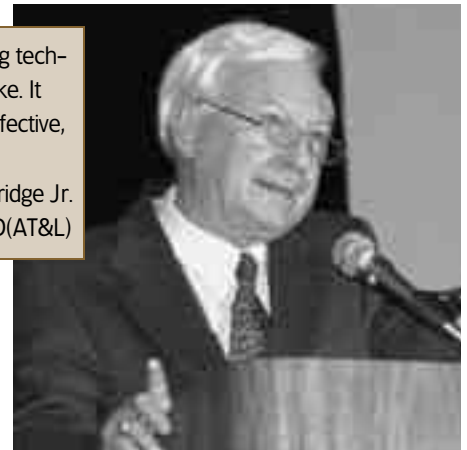
Their theme this year — "Revolution in eBusiness [Electronic Business] Affairs" — was a revealing indicator of just how far DoD has advanced from paper-based processes to a system that is deeply immersed in eBusiness.

Sponsored by the DEBPO and the Government Electronics and Information Technology Association, the fourth annual EC Day 2001 took place June 7 at the Hilton Alexandria Mark Center, Alexandria, Va. Attendance at the event has been rising yearly — a sign of growing interest in, and use of, EC technologies, Knott said. EC Day 2001 gave government and industry representatives the opportunity to learn the latest on DoD's use of eBusiness.

The day's events included nine pre-event tutorials conducted on June 6, focusing on various technical topics; presentations from DoD components on their eBusiness initiatives; 10 technical sessions; and over 30 EC exhibits from industry and government. Several distinguished speakers and a "Hardball" panel

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USD(AT&L)



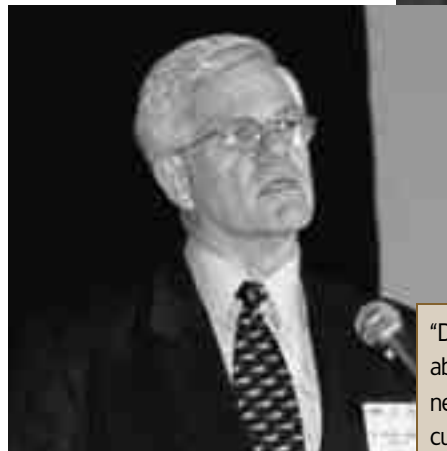
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"Hone your skills today, so you can navigate the unknown tomorrow."

—Al Lepeau
Hewlett Packard East Coast
Sales Operations Manager



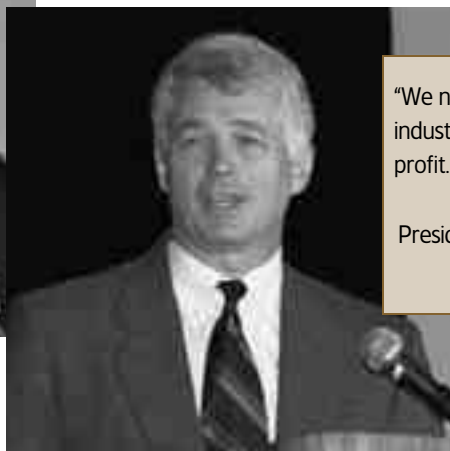
"DoD must have a serious discussion about electronic security because eBusiness is a balance between access and security."

—Dr. Linton Wells II
Acting ASD(C3I)

Freudenthal is a communications specialist with SRA International, Inc., Arlington, Va.

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—Air Force Lt.Gen. Harry Raduege
Director, DISA



"We need a robust defense industry that makes a profit."

—Dave McCurdy
President, Electronic Industries Alliance

contributed their knowledge on industry and government electronic commerce and eBusiness to DoD's "Revolution in eBusiness Affairs."

Birth of the DEBPO EC Day 2001 set the stage for the "virtual birth" of the DEBPO. This virtual event symbolized the office's name change from the Joint Electronic Commerce Program Office (JECPO) to its new name — the Defense Electronic Business Program Office. A change in the office's focus accompanied the name change.

"The use of electronic business technologies within DoD has skyrocketed over the past several years, especially in the tra-



ditional areas of Buying and Paying," Knott said. "Now the challenge is for the Department of Defense to harness this potential into the acquisition, logistics, human resources, health care, financial management, and other functional areas, creating a seamless flow of enterprise information. This expansion from electronic commerce to electronic business is a natural and necessary progression in support of the Revolution in Business Affairs."

EC Day Awards

EC Day 2001 featured the presentation of the third annual EC Day Awards for the best electronic commerce initiatives of 2000 (pp. 54-55). DoD experts

With a click of the mouse, Army Lt. Gen. Henry T. Glisson and Air Force Lt. Gen. Harry D. Raduege Jr. inaugurate a "Virtual Birth" — symbolizing the birth of the Defense Electronic Business Program Office (DEBPO), previously known as the Joint Electronic Commerce Program Office (JECPO). With the new name also comes an expansion of the Office's focus to include eBusiness.

D O D E C D

T O P E C T E A M S H O N O R E D

Ronald Dorman, Deputy Director for C4I Programs, DISA (left), and Mae De Vincentis, Director of Information Operations, DLA, present Army Lt. Gen. Henry Glisson, Director, Defense Logistics Agency, an award recognizing his significant achievements in accelerating the implementation of electronic commerce and electronic business processes throughout the entire DoD.



Best DoD Electronic Commerce Web Site Business Implementation

Naval Facilities Engineering Command Electronic Solicitation [ESOL] Web Site

This award recognizes an exceptional DoD operational Web site that has resulted in increased efficiency and improved customer service.



From left: Dr. Margaret Myers, Acting Deputy Chief Information Officer, DoD; Paul Miler, Paperless Acquisition Program Manager, Naval Facilities Engineering Command; Margaret Evans, Director of Change Management, Defense Acquisition Reform Office.

Best Electronic Commerce Pioneer

Defense Logistics Standard Support Program Office

This award recognizes a DoD pioneering initiative that epitomizes the Revolution in eBusiness Affairs, demonstrating a high level of government creativity and innovation.



From left: Myers; Army Col. Dan Magee, Defense Medical Logistics Standard Support Program Manager; Evans.

AWARDS 2001

IN JUNE 7 CEREMONY



Army Lt. Gen. Henry Glisson presents Claudia "Scottie" Knott, Director, DEBPO, a DLA award for Exceptional Civilian Service.



Best Electronic Commerce Team of Government Agency and Small Business Partner

U.S. Army Communications-Electronics Command (CECOM) teamed with Frictionless Commerce Inc. — Electronic Auctioning Project Team

This award recognizes the best electronic commerce team of a DoD activity and a certified small business.

Best Electronic Commerce Team of Government Agency and Large Business Partner

Defense Supply Center Philadelphia and U.S. Transportation Command teamed with Bindley Western Industries, Emery Worldwide, and Logistics Management Institute (LMI) — DoD Vendor In-Transit Visibility Team

This award recognizes the best electronic commerce team of a government agency and an industry partner for outstanding achievement of EC principles or applications within DoD.



From left: Myers; Matthew Meinert, Chief EC, CECOM; Geoffrey Farrell, Director of Strategic Alliances, Frictionless Commerce Inc.; Evans.



From left: Tony Travia, Defense Supply Center Philadelphia (DSCP); Rose Marie Badame, Deputy Director, Directorate of Operations, DSCP; Air Force Col. Raymond Hebert, Chief, Logistics Program Division, U.S. Transportation Command; John Mark Wiley, Project Manager, Bindley Western Industries; Mike McVeigh, Government Sales and Logistics Manager, Emery Worldwide; Gus Creedon, Program Manager, Logistics Management Institute.

judged 77 nominations in four categories: Best DoD Web Site Business Implementation; Best EC Pioneer; Best EC Team — DoD/Small Business; and Best EC Team — DoD/Large Business. Knott received a Distinguished Civilian Service award from the Defense Logistics Agency (DLA), one of the eBusiness Program Office's sponsoring agencies; while DLA's Director, Army Lt. Gen. Henry Glisson, was presented a special award from the Deputy Director, Command, Control, Communications, Computers and Intelligence (C4I) Programs, for accelerating electronic commerce and eBusiness throughout DoD.

Electronic Industries Alliance

Dave McCurdy, former U.S. Congressman and the current President, Electronic Industries Alliance, began the opening session with an industry perspective on DoD eBusiness.

"We have moved to a networked reality from the industrial, then information age," he said. McCurdy discussed the impact of the current information technology (IT) industry "shakeout," calling it "necessary." But basic [IT] infrastructure companies, he said, are still needed.

"The market has not yet recognized this." Concluding, McCurdy shared his view of the key enabler to fulfilling the vision of eBusiness: "We need a robust defense industry that makes a profit."

DISA

Air Force Lt. Gen. Harry Raduege, Director, Defense Information Systems Agency (DISA), urged the audience to "remember why we're doing this — to remain persuasive in peace and decisive in war." He called eBusiness a significant opportunity to provide seamless support to the warfighter and noted the leadership role DoD has taken with initiatives such as the Central Contractor Registry and Electronic Document Access.

DLA

Glisson said eBusiness is not just about technology. It depends on business cooperation and partnerships. The right

policies and standards are essential to conduct eBusiness. "If we are going to meet logistics excellence, we must harness this power," he said. "We need logistics excellence to do our jobs."

C3I

Dr. Linton Wells II, Acting Assistant Secretary of Defense for Command, Control, Communications and Intelligence (C3I), called the potential savings from eBusiness that could be applied to other activities "extraordinary." He also brought what he called the "skunk to the garden party" — security.

DoD, he said, must have a serious discussion about electronic security because eBusiness is a balance between access and security. Wells cautioned that insider threats are greater than potential outsider threats, citing recent espionage cases.

USD(AT&L)

The government keynote speaker, Edward C. "Pete" Aldridge, USD(AT&L) [Under Secretary of Defense for Acquisition, Technology and Logistics] called eBusiness a key enabler to reaching DoD business initiatives and meeting his five goals for Acquisition, Technology and Logistics:

- Establishing credibility of the acquisition process.
- Revitalizing the quality and morale of the acquisition, technology, and logistics workforce.
- Improving health of the industrial base.
- Establishing a strategy for weapons systems and defense infrastructure.
- Initiating high-level technology in weapons systems.

Aldridge said eBusiness cannot be using technology for technology's sake. It must be a tool for more effective, streamlined processes. Fulfilling the promise of eBusiness takes an enterprise view of the entire Defense life cycle, he noted.

"Our tradition has been to gain efficiency through stovepipes; we can gain greater efficiency through enterprise thinking," he said.

He named five key eBusiness excellence enablers:

- Reduce focus on individual systems and establish a total systems perspective.
- Reduce cycle time for implementation.
- Improve processes, creating faster improvements.
- Link human resources to configuration management.
- Monitor progress with metrics.

"If we are successful," Aldridge concluded, "we will increase taxpayer confidence in our resource management."

Industry

The industry keynote speaker was Al Lepeau, Operations Manager, East Coast Business Customer Sales Organization, Hewlett Packard. He spoke about the uncertainty that accompanies eBusiness.

"Some people will jump in first; some people hesitate," he said. Lepeau commented on the role of change in eBusiness and suggested one way to cope with change. "Hone your skills today, so you can navigate the unknown tomorrow."

Hardball Panel

Navy Rear Adm. Raymond Archer, Vice Director, DLA, moderated a no-holds-barred discussion on emerging issues in electronic commerce and eBusiness. Panelists were Barry Lerner, Vice President — Government Sales, Exostar LLC; Max Peterson, Vice President — Sales, eGovernment Solutions, Commerce One; Dr. Douglas Thomas, Assistant Professor — Business Logistics and Operations Management, Penn State University; Al Zapanta, President, U.S.-Mexico Chamber of Commerce; and Dave Mihelcic, Chief Executive Engineer, DISA.

Each panelist emphasized that he was representing his personal opinions, not his organization's stance, on any issues.

Panelists discussed the cultural changes that DoD needs to make to take full advantage of an eBusiness model. "The real issues are cultural," Lerner said, "We're

going to a shared service model, where non-core business [business not inherently DoD-related] is going to small and medium-sized enterprises [SMEs]. We need contracts and tools that support that.”

Mihelcic agreed with Lerner’s assessment. “If it’s not DoD-specific, we should not be in that space.”

Small business has a large place in DoD eBusiness, according to the panelists. “We wired the border [between the U.S. and Mexico] to create a marketplace for SMEs,” said Zapanta, citing his association’s work with Fort Huachuca and small businesses.

“SMEs historically did not want to invest in government-specific requirements,” added Lerner. “The Web changes that; the cost of admission has gone down.”

SMEs have been involved in eBusiness through Web-based exchanges and through “co-opetition,” a term the panel used for the concept of businesses teaming with other, often larger competitors in the same marketplace.

Due to the current dot-com shakeout, “Electronic markets will mirror today’s non-electronic marketplace,” said Peterson. “We can’t walk away from small business. We must be inclusive in our business and technology strategies.”

Dr. Thomas answered questions regarding training for the future in an eBusiness environment. “We [Penn State University] teach fundamental business principles,” he said. “Technology changes — there really is no point in teaching it.”

In this world of new technology and rapid change, business processes are the

key to future success in DoD acquisition and logistics. Technology will continue to change, but EC Day 2001 had a timeless message:

Tools don’t matter as much as people and business relationships.

EC Day continues to succeed because of the relationships formed and ideas exchanged in a forum dedicated to truly revolutionizing electronic business throughout DoD.

Editor’s Note: To learn more about DoD’s electronic commerce and e-Business initiatives, visit the DEBPO (formerly JECPO) Web site at www.defenselink.mil/acq/ebusiness.

FROM THE DIRECTOR, DEFENSE PROCUREMENT

Effective Dec. 13, 2000, the Defense Federal Acquisition Regulation Supplement (DFARS) 242.72, “Material Management and Accounting Systems (MMAS),” was revised to eliminate MMAS coverage of areas where there is not a material risk to the government. Questions have been raised regarding the application of this rule to contracts that were entered into prior to Dec. 13, 2000 (existing contracts).

FAR 1.108, “Application of FAR Changes to Solicitations and Contracts,” permits contracting officers to include FAR changes in existing contracts with appropriate consideration. That same principle applies to DFARS changes as well. Since the revised rule merely eliminates coverage in areas where there is no material risk to the government, it is appropriate for contracting officers to apply the revised rule to existing contracts without receiving consideration.

The revised rule exempts educational institutions and non-profit contractors because such entities do not have significant material costs that would warrant application of the MMAS standards. It also exempts fixed-price contracts where financing payments are not based on cost, such as performance-based payments. To the

maximum extent practical, contracting officers should apply the revised rules by modifying existing contracts with educational institutions and non-profit contractors, and by modifying existing fixed-price contracts where financing payments are not based on cost.

The revised rule replaces the demonstration requirement with a requirement for the contractor to accurately describe its MMAS policies, procedures, and practices, and provide sufficient detail for the government to reasonably make an informed judgment regarding the adequacy of the MMAS. Contractors are also required to provide to the government, upon request, the results of internal reviews conducted to ensure compliance with established MMAS policies, procedures, and operating instructions. The government continues to have the same access to contractor records it had prior to the revision, and a contractor is still required to comply with the 10 MMAS standards. For existing contracts, contracting officers shall follow the revised rule by not applying the demonstration requirement to those contracts.

Questions regarding this information should be directed to David J. Capitano at (703) 695-7249.